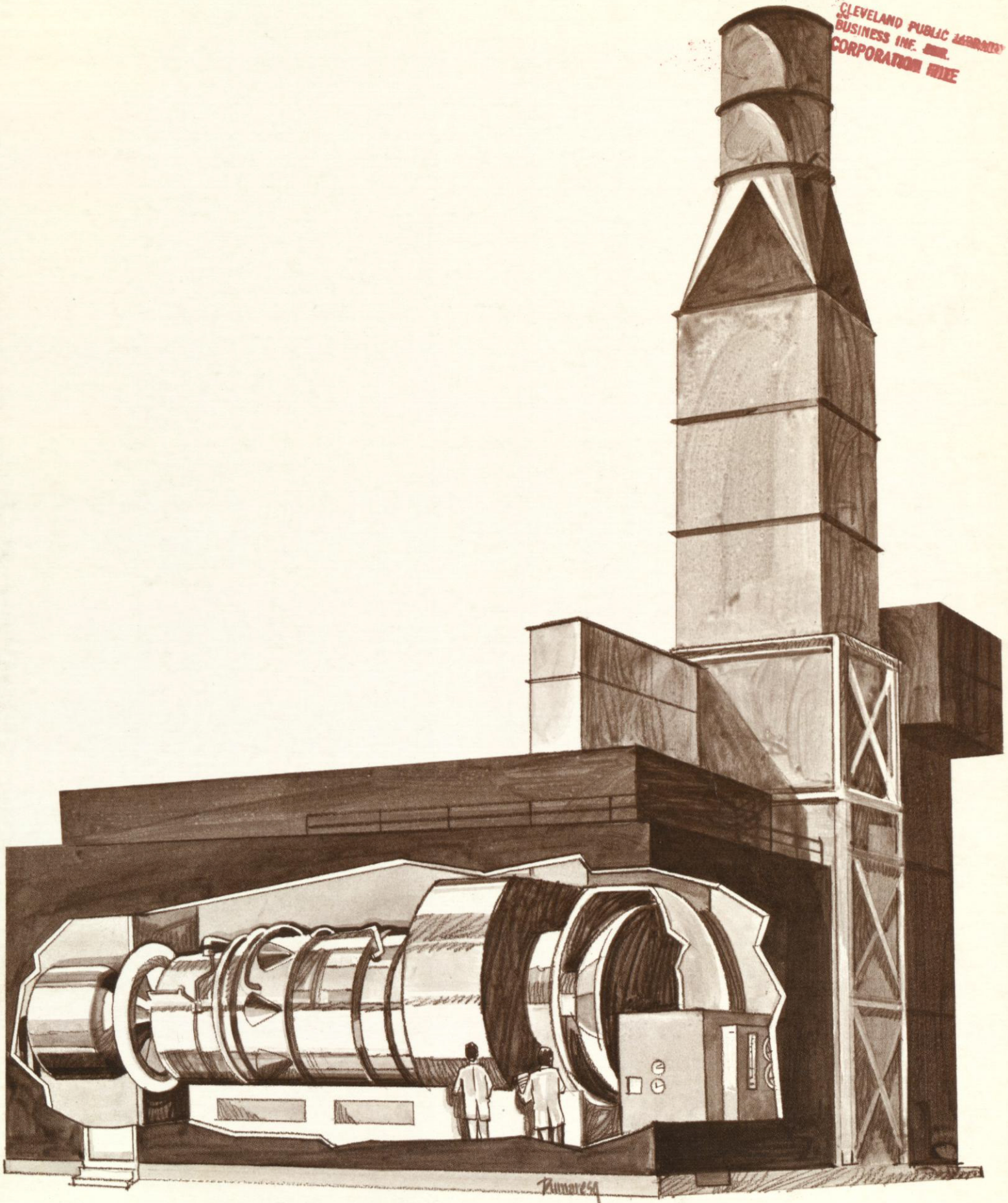
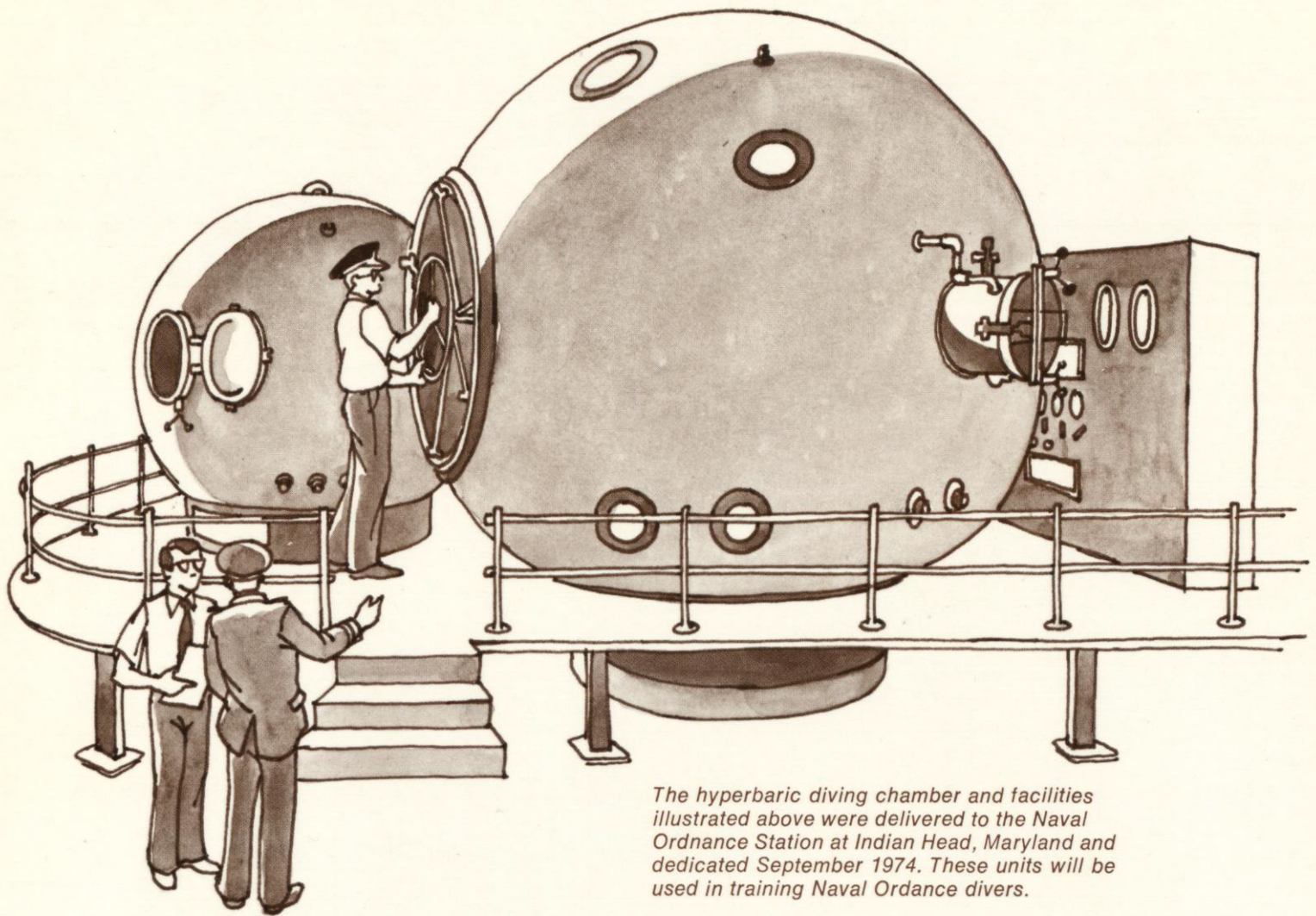


THE BETHLEHEM CORPORATION  
ANNUAL REPORT 1974

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BUSINESS INF. SER.  
CORPORATION FILE







*The hyperbaric diving chamber and facilities illustrated above were delivered to the Naval Ordnance Station at Indian Head, Maryland and dedicated September 1974. These units will be used in training Naval Ordnance divers.*

### **Bethlehem in Brief**

The Bethlehem Corporation is a supplier of power generation components for major power generation equipment manufacturers, environmental and processing equipment, material handling equipment and domestic heating furnaces. Its principal markets are steam and gas turbine manufacturers, with nuclear and fossil fuel applications, chemical, petro-chemical and municipal and industrial waste and solvent recovery operations and industrial handling equipment.

*Shown on the front cover is a "packaged" electric energy system of the type used by small communities for utility services and by industry for power generation. Bethlehem, for the past 10 years, has been a leading supplier of components for gas turbines used in such facilities.*



## Financial Highlights

|                               | 1974         | 1973         |
|-------------------------------|--------------|--------------|
| Net Sales                     | \$13,189,000 | \$10,956,000 |
| Net Income                    | \$ 320,900   | \$ 176,900   |
| Net Income Per Share          | \$0.36       | \$0.20       |
| Shareholders Equity Per Share | \$5.82       | \$5.46       |

## To Our Shareholders:

We are pleased to report for 1974 a continued improvement in sales and earnings.

Sales increased 20% to \$13,189,000 in 1974 over \$10,956,000 in 1973.

Earnings after taxes and LIFO inventory adjustments, were \$320,900 in 1974 compared with \$176,900 on a FIFO inventory basis the year before. Net earnings per share of 36¢ reflect a substantial increase over the 20¢ a share reported in 1973. The effect of such LIFO treatment was to decrease net earnings

by \$217,700 or 25¢ a share. We believe that adoption of the LIFO method is in the best interests of the company by more nearly matching actual costs with current revenues.

Improvement in sales and earnings is noteworthy in view of the impact of international economic and political problems, material shortages, inflation, recession, and the resulting turbulent business climate.

As a continuing effort in the manufacture of energy related components, we

became a producer of generator frames and parts used in conjunction with gas or steam turbines to generate electricity. Also during the year we built several gas turbine prototype elements for a major new customer. These new activities add to our range of power generation components.

Sales continue to grow for proprietary process equipment such as the "Porcupine," a heat transfer mechanism, and the "Ergulator," a precision liquid mixing device. Recent orders and installations



have been in the field of waste treatment and pollution clean-up. Several new applications for food, chemical and ecology have been successfully tested in our laboratory for customers.

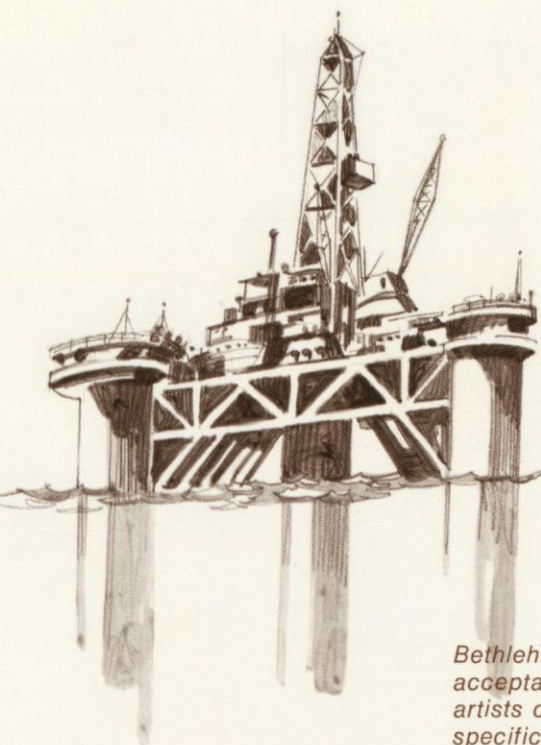
Flow Tubes are an important product line and several new customers were added, particularly in the oil and gas industry. These measuring devices continue to receive wide acceptance and applications are in the fields of water, sewage, gases, acids and organic solvents.

The greatly expanded use of steel belted radial tires resulted in machinery requirements in which we participated. During the year we produced over 100 radial tire wire sizing machines for a leading steel company. Inquiries for additional machines have been received recently for export and domestic sales.

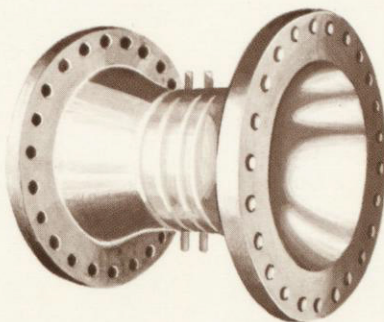
During 1974 we shipped a Hyperbaric Diving Chamber which was dedicated last September by the Navy at its Research Center at Indian Head, Maryland. This system was an addition to an existing complex supplied previously by Bethlehem and is part of an ongoing program in underwater exploration and life science study. Funds have been appropriated by the Government for a new and larger naval research laboratory involving chambers of a type supplied by The Bethlehem Corporation.

Among our other activities, industrial transfer cars and handling equipment are a growing part of our business and our redesigned "Dynatherm" heating unit with its exceptional fuel economy, has developed renewed interest as a result of the energy crisis.

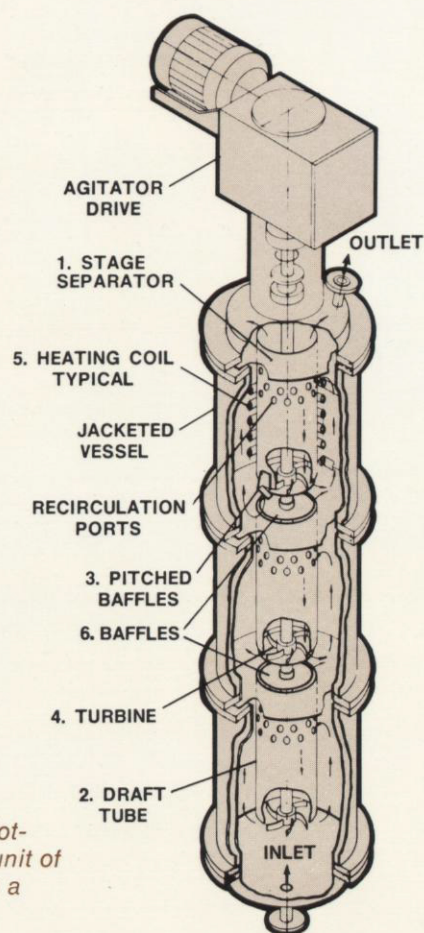
Order backlog at 1974 year-end was approximately \$11,000,000 compared with the record high backlog of



*Bethlehem flow tubes have achieved worldwide acceptance in oil and gas field operations. The artists concept shows a unit of the type specifically designed for monitoring compressor by-pass surge control systems on production platforms in the North Sea.*

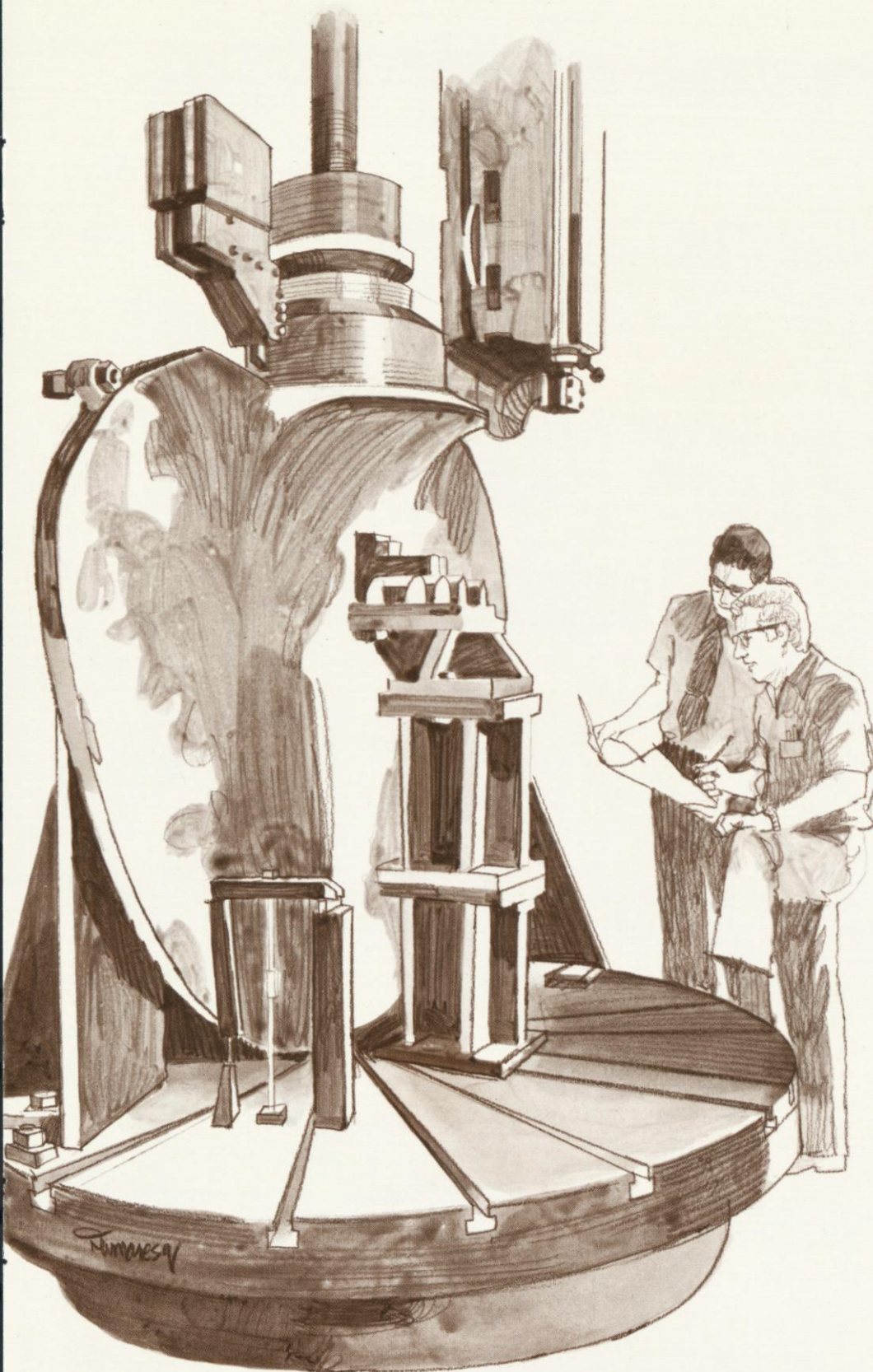


\$15,000,000 at 1973 year-end. The decrease in backlog has occurred primarily in power generation components where, as a result of the economic problems of our nation's utilities, there have been numerous order pushbacks and cancellations. Orders for cement and steel mill machinery repair and replacement parts, industrial material transportation and handling equipment continued at a favorable level. Backlogs of major proprietary lines involving



*The continuous Ergulator diagramed here is typical of units available to customers for pilot-plant experimental work. The first operating unit of this type, is on a liquid-gas phase reaction in a chemical plant in Virginia.*





*The Special Contracts Division at Bethlehem is equipped to handle many varied and specialized jobs. Photo shows contour machining a propeller for a large vessel.*

process equipment such as "Porcupines," "Ergulators," and "Flow Tubes" are at a higher level than 1973 year-end and increasing. Interest also continues in the Hyperbaric and Environmental Chamber fields in which our expertise is well-known.

The company's strong financial condition is indicated by our good working capital position and improved current ratio. Our financial status, plus available lines of credit, help prepare your company for uncertainties of the current business climate.

Continued progress towards the company's goal of increased emphasis on proprietary products resulted from the combined efforts of the Board of Directors and Operating Management. This team is continuing to direct the improvement of our position in supplying engineered services, fabrications and machined components for electrical power generation, and for industrial and capital goods producers.

On behalf of the company we express our appreciation to all employees, customers, suppliers and shareholders for their part in helping produce another successful year.

*J. J. Conway*

J. J. Conway  
President and Chief Executive Officer

March 17, 1975



# The Bethlehem Corporation

## Balance Sheet

December 31, 1974 and 1973

| Assets                                                                                                                   | 1974               | 1973               |
|--------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Current Assets</b>                                                                                                    |                    |                    |
| Cash (including \$700,000 and \$550,000 held in interest bearing certificates of deposit in 1974 and 1973, respectively) | \$ 896,444         | \$1,049,148        |
| Less cash restricted under compensating balance arrangement (Note C)                                                     | —                  | 206,250            |
|                                                                                                                          | <u>896,444</u>     | <u>842,898</u>     |
| Accounts receivable, less allowance for doubtful accounts of \$10,000 and \$60,000 in 1974 and 1973, respectively        | 2,856,296          | 2,332,841          |
| Inventories (Note A-1)                                                                                                   |                    |                    |
| Raw materials and finished products                                                                                      | 1,036,586          | 709,804            |
| Work in process (net of \$649,571 advanced from customers on contracts in 1974)                                          | 1,735,429          | 1,985,249          |
|                                                                                                                          | <u>2,772,015</u>   | <u>2,695,053</u>   |
| Assets held for sale (net) (Note B)                                                                                      | 326,771            | —                  |
| Prepaid expenses and other current assets                                                                                | 73,834             | 91,672             |
| Total current assets                                                                                                     | <u>6,925,360</u>   | <u>5,962,464</u>   |
| <b>Property, Plant and Equipment—at Cost, Partially Pledged</b> (Note C)                                                 |                    |                    |
| Land                                                                                                                     | 557,800            | 557,800            |
| Buildings and leasehold improvements                                                                                     | 998,101            | 998,101            |
| Machinery and equipment                                                                                                  | 3,909,632          | 4,634,549          |
|                                                                                                                          | <u>5,465,533</u>   | <u>6,190,450</u>   |
| Less accumulated depreciation and amortization (Note A-2)                                                                | 2,783,872          | 2,769,991          |
|                                                                                                                          | <u>2,681,661</u>   | <u>3,420,459</u>   |
| Assets held for sale (net)                                                                                               | 5,419              | 25,821             |
|                                                                                                                          | <u>2,687,080</u>   | <u>3,446,280</u>   |
| <b>Cash</b> —compensating balance arrangement (Note C)                                                                   | —                  | 206,250            |
| <b>Deferred Expenses</b> (Note A-3)                                                                                      | 83,552             | 88,337             |
|                                                                                                                          | <u>\$9,695,992</u> | <u>\$9,703,331</u> |
| <b>Liabilities</b>                                                                                                       | <b>1974</b>        | <b>1973</b>        |
| <b>Current Liabilities</b>                                                                                               |                    |                    |
| Notes payable to banks—unsecured                                                                                         | \$ —               | \$1,000,000        |
| Notes payable—other—secured                                                                                              | 45,000             | 45,000             |
| Current maturities of long-term debt                                                                                     | 631,340            | 363,696            |
| Accounts payable                                                                                                         | 935,122            | 1,198,905          |
| Salaries and wages, commissions, taxes and sundry accruals                                                               | 641,587            | 478,377            |
| Income taxes payable (Note A-4)                                                                                          | 210,415            | 72,385             |
| Total current liabilities                                                                                                | <u>2,463,464</u>   | <u>3,158,363</u>   |
| <b>Long-Term Debt—Net</b> (Note C)                                                                                       | 1,881,647          | 1,508,687          |
| <b>Deferred Income Taxes</b> (Note A-2)                                                                                  | 187,122            | 193,422            |
| <b>Commitments and Contingencies</b> (Note A-3)                                                                          |                    |                    |
| <b>Stockholders' Equity</b> (Notes D and E)                                                                              |                    |                    |
| Common stock—authorized, 2,000,000 shares without par value, stated value of \$.50 per share; issued 892,016 shares      | 446,008            | 446,008            |
| Additional paid-in capital                                                                                               | 1,913,232          | 1,913,232          |
| Retained earnings                                                                                                        | 2,815,394          | 2,494,494          |
|                                                                                                                          | <u>5,174,634</u>   | <u>4,853,734</u>   |
| Less 4,235 shares of common stock reacquired and held in treasury—at cost                                                | 10,875             | 10,875             |
|                                                                                                                          | <u>5,163,759</u>   | <u>4,842,859</u>   |
|                                                                                                                          | <u>\$9,695,992</u> | <u>\$9,703,331</u> |

The accompanying notes are an integral part of this statement.



The Bethlehem Corporation

**Statement of Earnings**

Year Ended December 31

|                                     | 1974         | 1973         |
|-------------------------------------|--------------|--------------|
| Net sales                           | \$13,188,738 | \$10,956,282 |
| Cost of goods sold                  | 11,058,794   | 9,159,508    |
| Gross profit                        | 2,129,944    | 1,796,774    |
| Selling and administrative expenses |              |              |
| Selling                             | 603,195      | 636,359      |
| Administrative                      | 889,397      | 649,494      |
| Operating profit                    | 1,492,592    | 1,285,853    |
| Other income                        | 637,352      | 510,921      |
| Gain on sale of fixed assets        | 251,986      | 56,805       |
| Interest income                     | 30,562       | 39,724       |
| Sundry                              | 20,617       | 18,232       |
|                                     | 303,165      | 114,761      |
|                                     | 940,517      | 625,682      |
| Other deductions—interest           | 316,017      | 291,408      |
| Earnings before income taxes        | 624,500      | 334,274      |
| Income taxes                        |              |              |
| State Income taxes                  | 61,600       | 29,500       |
| Federal income taxes                | 242,000      | 127,800      |
|                                     | 303,600      | 157,300      |
| NET EARNINGS                        | \$ 320,900   | \$ 176,974   |
| Earnings per common share (Note E)  | \$ .36       | \$ .20       |

**Statement of Retained Earnings**

Year Ended December 31

|                                     | 1974        | 1973        |
|-------------------------------------|-------------|-------------|
| Retained earnings—beginning of year | \$2,494,494 | \$2,317,520 |
| Net earnings for the year           | 320,900     | 176,974     |
| Retained earnings—end of year       | \$2,815,394 | \$2,494,494 |

The accompanying notes are an integral part of this statement.



# The Bethlehem Corporation

## Statement of Changes in Financial Position

Year Ended December 31

|                                                                                           | 1974               | 1973              |
|-------------------------------------------------------------------------------------------|--------------------|-------------------|
| Sources of working capital                                                                |                    |                   |
| From operations                                                                           |                    |                   |
| Net earnings for the year                                                                 | \$ 320,900         | \$ 176,974        |
| Charges (credit) against earnings which did not require an expenditure of working capital |                    |                   |
| Depreciation and amortization (Note A-2)                                                  | 304,418            | 329,796           |
| Deferred income taxes (Notes A-2 and A-3)                                                 | (3,300)            | 29,546            |
| Working capital from operations                                                           | 622,018            | 536,316           |
| Disposition of fixed assets                                                               | 253,539            | 187,749           |
| Refinancing of bank loans (Note C)                                                        | 1,000,000          | —                 |
| Decrease in cash compensating balance (Note C)                                            | 206,250            | 37,500            |
| Assets held for sale—classified as current portion (Note B)                               | 326,771            | —                 |
| Sundry sources                                                                            | 1,785              | 16,504            |
|                                                                                           | <u>2,410,363</u>   | <u>778,069</u>    |
| Applications of working capital                                                           |                    |                   |
| Acquisition of fixed assets, net                                                          | 125,528            | 48,116            |
| Reduction of long-term debt                                                               | 627,040            | 367,996           |
|                                                                                           | <u>752,568</u>     | <u>416,112</u>    |
| Increase in Working Capital                                                               | <u>\$1,657,795</u> | <u>\$ 361,957</u> |
| Changes in components of working capital                                                  |                    |                   |
| Increase (decrease) in current assets                                                     |                    |                   |
| Cash                                                                                      | \$ 53,546          | \$ 10,925         |
| Accounts receivable                                                                       | 523,455            | 309,598           |
| Inventories                                                                               | 76,962             | 448,166           |
| Refundable taxes on income                                                                | —                  | (633,183)         |
| Assets held for sale                                                                      | 326,771            | —                 |
| Prepaid expenses                                                                          | (17,838)           | (101,667)         |
|                                                                                           | <u>962,896</u>     | <u>33,839</u>     |
| (Increase) decrease in current liabilities                                                |                    |                   |
| Notes payable to banks—unsecured                                                          | 1,000,000          | 500,000           |
| Current maturities of long-term debt                                                      | (267,644)          | 74,602            |
| Accounts payable                                                                          | 263,783            | (279,786)         |
| Salaries, wages, commissions, taxes and sundry accruals                                   | (163,210)          | 105,687           |
| Income taxes payable                                                                      | (138,030)          | (72,385)          |
|                                                                                           | <u>694,899</u>     | <u>328,118</u>    |
| Increase in Working Capital                                                               | <u>\$1,657,795</u> | <u>\$ 361,957</u> |

The accompanying notes are an integral part of this statement.



## Notes to Financial Statements

December 31, 1974 and 1973

### Note A—Summary of Accounting Policies

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

#### 1. Inventories

Effective with the year ended December 31, 1974, the Company changed its method of determining inventory costs from the first-in, first-out "FIFO" method to the last-in, first-out "LIFO" method. This change was made because management believes that LIFO more clearly reflects income by providing a closer matching of current costs against current revenues. The change had the effect of reducing inventories at December 31, 1974 by \$462,600 and net earnings by \$217,700 (\$.25 per share) for the year then ended. Under Accounting Principles Board Opinion No. 20 there is no cumulative effect of the change on prior years because the December 31, 1973 inventory, as previously stated using the FIFO method, is treated as the amount of the beginning inventory for the current year under the LIFO method. Accordingly, pro forma results for prior years under the LIFO method are not presented.

#### 2. Depreciation and Amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes, but accelerated methods are used for tax purposes. Future income taxes resulting from depreciation differences have been provided.

#### 3. Pension Plans

As of December 31, 1974, the Company has noncontributory funded retirement plans in effect covering substantially all of its hourly employees. Until 1974, at which time it was terminated, the Company also had an informal policy relating to pensions for salaried employees. The effect of such termination on the financial statements was insignificant. Deferred taxes arising from timing differences have been provided.

The total pension expense for the years ended December 31, 1974 and 1973 was approximately \$135,000 and \$140,500, respectively, which includes amortization of prior service costs over periods of 25 to 30 years.

The Pension Reform Act, passed in 1974, will require certain changes in the Company's funded retirement plans. At the present time, the estimated additional cost has not been determined. In addition, the Company is considering a pension plan for salaried employees.

#### 4. Investment Credits

The Company accounts for investment tax credits by the "flow-through" method. Under this method, credits are recognized as a reduction of income tax expense in the year the assets giving rise to the credit are placed in service.

### Note B—Assets Held for Sale

On January 10, 1975, the Company sold certain manufacturing equipment with a net book value of approximately

\$325,000. Total proceeds received on the sale were \$600,000, of which \$262,400 was used to retire outstanding debt.

### Note C—Long-Term Debt

Long-term debt at December 31, 1974 and 1973 consists of:

|                                                                                                                                                                                                        | 1974               | 1973               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Term loan payable to bank in quarterly installments of \$100,000 plus interest at 1% over the bank's prime rate; final installment of \$225,000 due on January 1, 1980; unsecured. See (1) below.      | \$2,125,000        |                    |
| Notes payable to bank in quarterly installments of \$62,500 plus interest at 1% over the bank's prime rate; final installment of \$1,125,000 due on May 1, 1975; unsecured. See (1) below.             |                    | \$1,375,000        |
| Loan payable to bank in monthly installments of \$4,300 plus interest at 2½% over the bank's prime rate; secured by equipment; final installment due January 10, 1980—Repaid January 10, 1975 (Note B) | 262,400            | 309,700            |
| 10½% equipment note obligation, payable in monthly installments of \$6,573, including interest; final installment due September 2, 1976                                                                | 125,587            | 187,683            |
|                                                                                                                                                                                                        | 2,512,987          | 1,872,383          |
|                                                                                                                                                                                                        | 631,340            | 363,696            |
| Less current maturities                                                                                                                                                                                | <u>\$1,881,647</u> | <u>\$1,508,687</u> |

(1) In December 1974, the Company renegotiated one of its loan arrangements with a bank, converting an unsecured demand loan payable of \$1,000,000 and the remaining \$1,125,000 on its term loan to a new five year term loan of \$2,125,000.

The loan agreements contain certain restrictions and covenants, including the prohibition of the Company from paying dividends, other than in the form of stock, without the permission of the lender, the maintenance of certain levels of working capital and net worth, certain other limitations covering additions to fixed assets and future borrowings. Under the terminated loan agreement in effect at December 31, 1973, the bank required the Company to maintain an average compensating balance on deposit with the bank of at least 15% of the average loan balance. As a result of such arrangement, \$206,250 of the cash on deposit with the bank as of December 31, 1973 was segregated on the balance sheet.

The Company also has available a line of credit with a bank in the amount of \$1,000,000; against which nothing is outstanding.

### Note D—Qualified Stock Option Plan

In 1971, the Company established a Qualified Stock Option Plan under which a maximum of 25,000 shares of common stock were reserved for the issuance of stock options to officers and key employees. At December 31, 1974, no stock options had been granted under this plan.

### Note E—Earnings Per Share

Earnings per share were computed on the average number of shares outstanding during 1974 and 1973.

### Note F—Fourth Quarter Operations (Unaudited)

During the fourth quarter, the Company changed its method of valuing inventories to the LIFO method with a resulting reduction of earnings by \$217,700. (See Note A-1.)



March 31, 1975

## Auditors' Report

Board of Directors  
The Bethlehem Corporation

We have examined the balance sheet of The Bethlehem Corporation as of December 31, 1974 and 1973, and the related statements of earnings, retained earnings, and changes in financial position for the two years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note A-1, the Company changed its method of accounting for inventories to the LIFO method as of January 1, 1974.

## Management's Discussion and Analysis

### 1974 Compared to 1973

Net Sales for 1974 advanced 20% over 1973. The increase resulted from higher selling prices and volume. All major product lines contributed. Advancing volume was the five-week strike at the Easton casting facility, and the delays experienced in material procurement.

Cost of sales was up because of volume increase and higher material, labor, and other costs. In addition, the 1974 results reflect a change in the inventory valuation method from FIFO (first-in, first-out) to LIFO (last in, first out). The effect of the change was to increase cost of goods sold by \$462,000 and reduced net earnings by \$217,700 or 25¢ per share.

Administrative expenses increased due to higher cost of salaries, supplies and outside professional services. However, administrative expenses, as a percentage of net sales, remained about the same in both years.

Income for 1974 was 81% over 1973, and the 36¢ per share earnings included an unusual gain of 11¢ per share on the sale of used machine tools.

### Stock Markets

The markets for the common stock of The Bethlehem Corporation are the American and Detroit Stock Exchanges. Following are the high and low sales price per share on the American Stock Exchange:

| Period           | 1974                          |                               | 1973                          |                               |
|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                  | High                          | Low                           | High                          | Low                           |
| January-March    | 3 <sup>7</sup> / <sub>8</sub> | 3 <sup>1</sup> / <sub>8</sub> | 2 <sup>3</sup> / <sub>4</sub> | 1 <sup>7</sup> / <sub>8</sub> |
| April-June       | 3                             | 3                             | 2 <sup>1</sup> / <sub>8</sub> | 2 <sup>1</sup> / <sub>8</sub> |
| July-September   | 3                             | 2 <sup>3</sup> / <sub>8</sub> | 2 <sup>1</sup> / <sub>8</sub> | 1 <sup>3</sup> / <sub>8</sub> |
| October-December | 3 <sup>3</sup> / <sub>8</sub> | 2                             | 1 <sup>5</sup> / <sub>8</sub> | 1 <sup>1</sup> / <sub>2</sub> |

Note: Stockholders may obtain a copy of Bethlehem's Annual Report on Form 10-K filed with the S.E.C. for 1974 by writing B. Ord Houston, Executive Vice President and Treasurer, Bethlehem Corporation, 25th & Lennox Streets, Easton, Pa. 18042.

## ERRATA

### The Bethlehem Corporation ANNUAL REPORT 1974

On the next to last page of the Annual Report under the heading "Stock Markets," columns showing the high and low prices were inadvertently transposed. Please paste the following corrected insert over the tabulation:

| Period           | 1974                          |                               | 1973                          |                               |
|------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                  | High                          | Low                           | High                          | Low                           |
| January-March    | 3 <sup>7</sup> / <sub>8</sub> | 1 <sup>7</sup> / <sub>8</sub> | 3 <sup>7</sup> / <sub>8</sub> | 2 <sup>3</sup> / <sub>4</sub> |
| April-June       | 3                             | 2 <sup>1</sup> / <sub>8</sub> | 3                             | 2 <sup>1</sup> / <sub>8</sub> |
| July-September   | 2 <sup>3</sup> / <sub>8</sub> | 1 <sup>3</sup> / <sub>8</sub> | 3                             | 2 <sup>1</sup> / <sub>8</sub> |
| October-December | 2                             | 1 <sup>1</sup> / <sub>2</sub> | 3 <sup>3</sup> / <sub>8</sub> | 1 <sup>5</sup> / <sub>8</sub> |

ing fields to offset the loss of the former foundry business, and the year end backlog rose to a record \$15,000,000.

Income for 1973 at 20¢ per share compared with a loss of 21¢ on continuing operations in 1972 and an overall loss of 66¢ for 1972. In addition to the losses incurred in the close out of the foundry operations in 1972, the company experienced losses on certain major contracts. In 1972 the Company also sold substantially all of the remaining business and assets of the Modern Collet and Machine Division which had been an unprofitable operation.



**General Counsel**

McClintock, Donovan, Carson & Roach,  
Detroit, Mich.

**Pennsylvania Counsel**

Wolf, Block, Schorr & Solis-Cohen  
Philadelphia, Pa.

**Certified Public Accountants**

Alexander Grant & Company  
New York, N. Y.

**Transfer Agent and Registrar**

Registrar and Transfer Company  
Jersey City, N. J.

**Stock Listed**

Symbol—BET  
American Stock Exchange  
Detroit Stock Exchange

**Annual Meeting**

The Annual Meeting of shareholders will be held at the Bethlehem Hotel, Bethlehem, Pa., on April 18, 1975 at 11 A.M.

**Directors**

James I. McClintock

*Chairman of the Board of Directors; Partner, McClintock, Donovan, Carson & Roach, Attorneys, Detroit, Mich.*

Wesley J. Peoples

*Co-Chairman of the Board of Directors  
Chairman of the Executive Committee*

John F. Bacon

*Attorney, Bridgeton, N. J.*

O. Karl Dieckmann

*President of Hydraulic Power Systems, Inc., Oak Park, Mich.*

Morris L. Forer

*Partner, Wolf, Block, Schorr and Solis-Cohen, Attorneys, Philadelphia, Pa.*

Roger C. Hubbard

*Chairman and Chief Executive Officer, Coal Resources, Inc., Wise, Va.; President of Hubbard Associates, industrial realtors, Troy, Mich.*

Edward S. Evans, Jr.

*Chairman of the Board, Evarie Corporation, Detroit, Mich., a holding company; Director of Evans Products Company, Portland, Ore., manufacturer of building materials; and Director of Capital Trinity Fund, a mutual fund*

**Officers**

James I. McClintock

*Chairman of the Board*

Wesley J. Peoples

*Co-Chairman of the Board and Chairman of the Executive Committee*

James J. Conway

*President and Chief Executive Officer*

B. Ord Houston

*Executive Vice President and Treasurer*

Arthur W. Smith

*Vice President-Marketing and Engineering*

O. Karl Dieckmann

*Secretary*

**Five Year Financial Summary**

|                                                  | 1974         | 1973         | 1972         | 1971         | 1970         |
|--------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Net sales (A)                                    | \$13,188,738 | \$10,956,282 | \$11,458,733 | \$10,698,840 | \$11,287,670 |
| Profit from continuing operations before taxes:  | 624,500      | 334,274      | (407,781)    | 242,216      | 784,479      |
| Profit from continuing operations                | 320,900      | 176,974      | (187,881)    | 126,516      | 367,579      |
| Earnings (loss) from discontinued operations (A) | —            | —            | (310,661)    | 21,355       | 102,338      |
| Extraordinary items                              | —            | —            | (89,781)     | 15,609       | —            |
| Net earnings                                     | 320,900      | 176,974      | (588,323)    | 163,480      | 469,917      |
| % to net billings                                | 2.4%         | 1.6%         | —            | 1.52%        | 4.2%         |
| Earnings per share (B)                           | .36          | .20          | (.66)        | .18          | .53          |
| Dividends per share (B)                          | —0—          | —0—          | —0—          | —0—          | 10% stock    |
| Long-term debt                                   | 1,881,647    | 1,508,687    | 1,876,683    | 2,320,364    | 2,681,104    |
| Shareholders' equity                             | 5,163,759    | 4,842,859    | 4,665,885    | 5,254,208    | 5,090,728    |
| Average number of shares outstanding (B)         | 887,781      | 887,781      | 887,781      | 887,781      | 887,781      |

(A) Restated for discontinued operations.

(B) After giving effect to 10% stock dividends in 1969 and 1970.





**THE BETHLEHEM CORPORATION Established 1856**

225 W. Second Street, Bethlehem, Pennsylvania 18106 Phone: 215-867-4605

**PLANT LOCATIONS:**

Bethlehem, Pennsylvania; Easton, Pennsylvania